

AB 617, BARCT, RECLAIM, and New Source Review



CCEEB Summer Issues Seminar
July 17, 2018

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RECLAIM Transition

"New sources" entering or modifying after start

#1 – Those with infinite stream of RTCs

#2 – Those buying RTCs year by year

Former RECLAIM sources modifying after exit

How/who to make up offsets for category 2 and former RECLAIM sources?



Potential Approaches

- Keep Rule 2005 in effect for sources not choosing early exit
- Explore mobile source credits
 - Pro: real, contemporaneous emission reductions
 - Con: little EPA precedent – “permanence” issue
- Allow all sources to use ERCs
- Explore Internal bank/RTC approach – maybe programmatic equivalency



Offset Sources: Pros and Cons

- ERCs
 - Pro: EPA Approved
 - Con: Pressure on limited supply

- Internal bank
 - Pro: EPA Approved; possible mitigation fee
 - Con: CEQA Cap/Additional CEQA



Offset Sources: Pros and Cons (cont'd)

- RTCs
 - Pro: Ready supply (cap minus emissions)
 - Con: Individual v. Programmatic demonstration

- Mobile source credits
 - Pro: Plentiful; contemporaneous reductions
 - Con: EPA approval difficult



Summary

- No one answer for all: portfolio approach
- Potential to address mobile source emissions
- Transitional mechanisms may be needed



Questions/Comments?